You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in our H Shares. Our operations involve certain risks, many of which are beyond our control. You should pay particular attention to the fact that we are a PRC company, our business is mainly located in China and we are governed by a legal and regulatory environment that may differ from that which prevails in other countries and jurisdictions. Our business, financial condition or results of operations could be materially and adversely affected by any of these risks. The trading price of our H Shares could decline due to any of these risks, and you may lose all or part of your investment.

There are certain risks involved in our operations and many of these risks are beyond our control. These risks can be characterized as: (i) risks relating to our businesses and industries; (ii) risks relating to the People's Republic of China; and (iii) risks relating to the Global Offering. Additional risks and uncertainties not presently known to us, or not expressed or implied below, or that we deem immaterial, could also harm our business, financial condition and results of operations.

RISKS RELATING TO OUR BUSINESSES AND INDUSTRIES

Each of our business segments, including a substantial proportion of the pharmaceutical products manufactured and distributed by us, is subject to government price controls or other price restrictions in the PRC.

A substantial portion of pharmaceutical products manufactured by us are included in the National Medical Insurance Drugs Catalog and the Provincial Medical Insurance Drugs Catalogs, and the maximum retail prices of such products are subject to government price controls in the form of fixed retail prices or retail price ceilings. See the section headed "Regulatory Overview — Price Controls" from page 129 to page 132 in this prospectus for additional information. As at 30 June 2012, of the 625 pharmaceutical products that we currently manufacture, 477 are included in the National Medical Insurance Drugs Catalog, including all of our 19 major prescription drugs, and an additional 122 of them are included in the Provincial Medical Insurance Drugs Catalogs. In addition, the fixed or maximum retail prices of such products that are included in the National and Provincial Medical Insurance Drugs Catalogs are subject to periodic downward adjustments as the PRC government authorities aim to make pharmaceutical products more affordable to the general public. Consequently, the hospital purchase prices and our selling prices to distributors of such pharmaceutical products are directly or indirectly affected by the retail price controls.

For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, sales of our pharmaceutical products subject to price controls under the National and Provincial Medical Insurance Drugs Catalogs accounted for 38.8%, 42.4%, 42.3% and 48.2%, respectively, of our total revenue. In March 2011, the NDRC lowered the maximum retail prices of certain antibiotics and circulatory system pharmaceutical products, affecting 11 of our products, including three major products, Xin Xian An, Bang Tan and Xi Chang. Revenue from the sales of the three major products collectively accounted for 2.6%, 6.5%, 5.0% and 5.2% of our total revenue for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. In August 2011, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting five of our products, including one major product, Wan Su Ping, which collectively accounted for 2.4%, 2.3%, 2.1% and 1.9% of our total revenue for the years ended 31 December 2009, 2010 and 2011 and the six months

ended 30 June 2012, respectively. In March 2012, the NDRC lowered the maximum retail prices of certain pharmaceutical products, affecting one of our major products, Atomolan, which accounted for 7.8%, 8.7%, 7.5% and 7.9% of our total revenue for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. In September 2012, the NDRC again lowered the maximum retail prices of certain pharmaceutical products, affecting ten of our products, including three major products, Bang Ting, Su Ke Nuo and Yi Bao. Revenue from the sales of the three major products collectively accounted for 2.1%, 3.3%, 3.7% and 5.7% of our total revenue for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively.

During the Track Record Period, for most of our products affected by the aforesaid NDRC price adjustments, the revised maximum retail prices and the implied maximum hospital purchase prices were still higher than our actual successful bid prices during the statutory tender process at that time. Consequently the adjustments had limited impact on our revenue and the gross profit margin of the products affected by such controlled price changes. Although there is no control over the prices at which pharmaceutical manufacturers in the PRC must sell their products to distributors or hospitals, should the PRC government significantly reduce the fixed retail prices or the retail price ceilings applicable to our products and hospitals and our distributors are not able to entirely absorb such downward pricing pressures, we may have to reduce the prices at which we sell these products. In such an event, our revenue and profitability may be materially reduced. Moreover, although we have not discontinued the manufacturing of any pharmaceutical product due to its fixed or maximum retail price set by the government preventing us from gaining an appropriate margin, we cannot assure you that it will not occur in the future.

Other than pharmaceutical products, the PRC government maintains a high level of involvement in the determination of prices of diagnostic products and medical devices, and public hospital and healthcare institutions in China are required to purchase high value medical equipment and other supplies at prices through a periodic tender process. The diagnostic products and medical devices that we currently manufacture are mainly diagnostic reagents and equipment, blood transfusion equipment and surgical consumables, which are not included in the National and Provincial Insurance Drugs Catalogs and therefore are not currently subject to price controls. Nevertheless, if we ever produce other diagnostic products and medical devices that may be subject to price controls, such price controls could affect our revenue and gross profit margin of the affected diagnostic products and medical devices.

In November 2009, NDRC, MOH and the Ministry of Human Resources and Social Welfare of the PRC jointly issued the Notice of Opinion on Reform of Pricing System of Pharmaceuticals and Medical Services (《改革藥品和醫療服務價格形成機制的意見》), pursuant to which NDRC indicated that it would strengthen its intervention in the pricing of pharmaceutical products and medical devices, improve the monitoring system of pharmaceutical products and announce market price information on pharmaceutical products. As a result, our ability in setting prices for products in our pharmaceutical manufacturing segment, pharmaceutical distribution and retail segment, diagnostic products and medical devices segment is significantly limited. If there are additional price controls or government-mandated price regulations with respect to any of the existing or future products we manufacture or distribute, or the PRC government takes actions to further tighten the tender requirements, our business, financial condition and results of operations could be materially and adversely affected.

Our pharmaceutical products may be removed or excluded from the National Medical Insurance Drugs Catalog or the Provincial Medical Insurance Drugs Catalogs.

In the PRC, eligible participants in the governmental basic medical insurance program who purchase drugs listed in the National Medical Insurance Drugs Catalog and/or the Provincial Medical Insurance Drugs Catalogs are entitled to reimbursement from the social medical insurance fund. As a result, it is critical for a pharmaceutical producer in China to have its products included in the National Medical Insurance Drugs Catalog and/or the Provincial Medical Insurance Drugs Catalogs. This reimbursement is up to the entire cost of medicines that are included in such catalogs, and for this reason, hospitals in China frequently order medicines included in the catalogs for their patients. The PRC central and provincial governmental authorities select medicines for the catalogs based on a variety of factors including treatment requirements, frequency of use, effectiveness and price, and they may also from time to time review the catalogs and adjust medicines included the National Medical Insurance Drugs Catalog and the Provincial Medical Insurance Drugs Catalogs. See the section headed "Regulatory Overview — Reimbursement under the National Medical Insurance Program" from page 132 to page 134 in this prospectus for additional information. As at 30 June 2012, of the 625 pharmaceutical products that we currently manufacture, 477 were included in the National Medical Insurance Drugs Catalog, including all of our 19 major prescription drugs. We also have an additional 122 products included in the Provincial Medical Insurance Drugs Catalogs. If any of our existing major pharmaceutical products are removed from any of the catalogs or new major products we launch in the future are not included in the catalogs, our business, financial condition and results of operations may be adversely affected.

We may fail to sufficiently and promptly respond to rapid changes in government regulation, treatment of diseases and customer preferences in our industries.

The pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, diagnostic products and medical devices industries in China are subject to extensive government regulation and supervision. In recent years, the PRC government has implemented a variety of regulatory measures and announced plans to implement additional rules and regulations with respect to the aforesaid industries, including those relating to:

- the manufacturing, distribution or pricing of pharmaceutical products, diagnostic products and medical devices;
- additional quality control, licensing and certification requirements;
- the pricing, procurement, prescription and dispensing of essential and other medicines by public hospitals and other healthcare institutions; and
- governmental funding for individual healthcare and medical services.

These measures may lead to significant changes in the PRC pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices industries, and could result in increased costs and lowered profit margins for manufacturers, distributors and retailers of pharmaceutical products, medical devices and medical diagnostic products as well as for healthcare service providers. These measures could also lead to a decrease in the amount of products and services purchased by our customers and/or the price of our products and services.

In addition, we cannot assure you that the PRC government will continue to adopt policies supporting the pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices industries.

The PRC pharmaceutical manufacturing, healthcare services, diagnostic products and medical devices industries are characterized by rapid advances in science and technology and continuous emergence of new diseases. Our future success depends on our ability to launch new products and services that meet evolving market demands, in particular, new pharmaceutical products, diagnostic products and medical devices that are effective in treating and/or diagnosing new diseases and illnesses. We cannot assure you that we will be able to respond to emerging trends by improving our product portfolio and services in a timely manner, or at all.

In addition to regulatory and industry changes, the preferences and purchasing patterns of our customers with regard to pharmaceutical products, healthcare services, diagnostic products and medical devices can change rapidly. Our success depends on our ability to anticipate product and service offering lead-time and demand, identify customer preferences and adapt our products and services to these preferences. We must adjust our research and development plan, production scale and schedule, product portfolio, service offering and inventory levels based on customer demand, sales trends and other market conditions. We cannot assure you that we will be able to sufficiently and promptly respond to changes in customer preferences and purchasing patterns in the future, and such failure may have a material and adverse effect on our business, financial condition, results of operations and profitability.

We generate a portion of our net profits from one-off gains.

A portion of our net profits is derived from one-off gains which primarily comprise gains on disposal or deemed disposal of associates, gains on disposal of non-current assets held for sale and gains on disposal of available-for-sale investments. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we recorded one-off gains of RMB2,783.7 million, RMB665.9 million, RMB1,082.1 million and RMB460.9 million, respectively. Our adjusted net profit attributable to owners of the parent after excluding share of profits and losses of jointly-controlled entities and associates, one-off gains, finance costs related to one-off gains and share of profits and losses of jointly-controlled entities and associates, one-off other expenses, taxation attributable and amount of adjusted items attributable to non-controlling interests was RMB48.6 million, RMB20.4 million, RMB67.2 million and RMB73.5 million for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. Our net profit attributable to owners of the parent adjusted for all headquarters related expenses was RMB198.9 million, RMB178.3 million, RMB323.8 million and RMB248.5 million for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively.

We cannot assure you that such one-off gains will recur in the future, or that the sizes of such one-off gains will be comparable to those we recognized during the Track Record Period. If such one-off gains do not recur in the future, our results of operations may be materially and adversely affected. See "Profits generated from associated companies and one-off gains" from page 16 to page 17 of the Summary section and pages 326 and 327 of the Financial Information section, and "Financial Information — Selected Components of Our Income Statements — Other Gains" from page 318 to page 320 for further details.

We generate a portion of our net profits from our associated companies.
For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, we recorded share of profits of associates of RMB436.8 million, RMB546.3 million, RMB633.2 million and RMB378.7 million, respectively. Of such profits, contributions from the operation of Sinopharm Investment, the controlling shareholder of Sinopharm, for the same periods were RMB352.7 million, RMB390.3 million, RMB509.2 million and RMB305.9 million, respectively. Our adjusted net profit attributable to owners of the parent after excluding share of profits and losses of jointly-controlled entities and associates, one-off gains, finance costs related to one-off gains and share of profits and losses of jointly-controlled entities and associates, one-off other expenses, taxation attributable and amount of adjusted items attributable to non-controlling interests was RMB48.6 million, RMB20.4 million, RMB67.2 million and RMB73.5 million for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. Our adjusted net profit attributable to owners of the parent adjusted for all headquarters related expenses was RMB198.9 million, RMB178.3 million, RMB323.8 million and RMB248.5 million for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively.

If the performance of our associated companies deteriorates, our results of operations may be materially and adversely affected as well. See "Profits generated from associated companies and one-off gains" from page 16 to page 17 of the Summary section and pages 326 and 327 of the Financial Information section, and "Financial Information — Selected Components of Our Income Statements — Share of profits and losses of jointly controlled entities and share of profits and losses of associates" from page 321 to page 322 for further details.

We may not have the ability to compel our non-wholly-owned subsidiaries and associated companies to take all actions which we believe would be most beneficial for us, and disputes with our joint venture and other business partners may materially and adversely affect our business.
In the course of our business, we have in the past formed, and will in the future continue to form, joint ventures or other cooperative relationships with other parties to jointly conduct certain business operations, undertake research and development projects and/or engage in other business activities. For example, our medical device business is operated by a joint venture in which we hold a 51% equity interest and our joint venture partner Chindex holds the remaining 49% equity interest. We also have, and expect to maintain in the future, interests in non-wholly-owned subsidiaries and associated companies in connection with our business operations. Please see "Appendix I — Accountants' Report" for a description of these entities. Some of these joint ventures, non-wholly-owned subsidiaries and associated companies account for a significant portion of our revenue and profits. We may have limited control over the proposed strategies, policies or objectives of our associated companies. As a result, our ability to control the decisions of these businesses depends on a number of factors, including reaching agreement with our business partners, our rights under any shareholder agreements as well as the decision-making process applicable to those non-wholly-owned subsidiaries and associated companies. In addition, we are subject to risks associated with such joint venture or other cooperative relationships. Our joint venture and other business partners may:

- have economic or business interests or goals that are inconsistent with ours;
- take actions contrary to our policies, instructions or requests;

- be unable or unwilling to fulfill their obligations under the relevant joint venture agreements or other cooperative arrangements; or

- have financial or other difficulties.

We cannot assure you that we will be able to prevent our joint ventures and associated companies from engaging in activities or pursuing strategic objectives that conflict with our own interests or strategic objectives. In addition, a serious dispute with our joint venture or other business partners may cause disruption to or termination of the relevant business ventures or other cooperative projects. Although we have not had a serious dispute with any joint venture or other business partners and we are not aware of any action taken by any of these businesses that were materially adverse to us during the Track Record Period, we cannot assure you that all disputes with our joint venture or other business partners may be resolved satisfactorily or in our favor. Such disputes may also give rise to litigation or other legal proceedings, which will divert our management's attention and other resources, and if a verdict or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities, and suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected.

Our employees, distributors or third-party sales representatives could engage in corrupt practices or other improper conduct that could harm our reputation and business.

In each of our business segments, we are subject to PRC laws and regulations relating to healthcare fraud and abuse. We are subject to risks in relation to actions taken by us, our employees or our affiliates that constitute violations of the PRC anti-corruption and other related laws. Our failure to comply with these laws, or effectively manage our employees and affiliates in this regard, could have a material adverse effect on our reputation, results of operations and business prospects.

In the pharmaceutical industry, corrupt practices include, among others, acceptance of kickbacks, bribes or other illegal gains or benefits by pharmacies, hospitals and medical practitioners from pharmaceutical manufacturers and distributors in connection with the prescription of certain pharmaceutical products. If we, our employees or affiliates violate these laws, rules or regulations, we could be fined. In the case of our pharmaceutical manufacturing business, our pharmaceutical distribution and retail business, and our diagnostic products and medical devices business, the government authorities may seize the products involved in the illegal or improper conduct, and suspend our operations or, in the case of our retail pharmacy operations, outstanding claims to local government social security bureaus for reimbursements of purchases paid with medical insurance cards could be rejected. Any of the consequences resulting from corrupt practices by us, our employees or affiliates could materially and adversely affect our business, financial condition and results of operations. Actions by PRC regulatory authorities or the courts to provide an interpretation of PRC laws and regulations that differs from our own or to adopt additional anti-corruption laws and regulations could also require us to make changes to our operations. Our reputation, results of operations and business prospects could be adversely affected if we become the target of any negative publicity as a result of actions taken by us, our employees or affiliates.

We sell our pharmaceutical, diagnostic products and medical devices primarily through third parties and have limited control over their practices.

In our pharmaceutical, diagnostic products and medical devices businesses, we rely on various channels to sell our products in China. In particular, our non-prescription pharmaceutical products are distributed to consumers mainly through retail pharmacies. Our prescription pharmaceutical products are sold

through distributors to hospitals, which then sell the products to patients. Our diagnostic products and medical devices are mainly sold to hospitals through third party distributors. We cannot assure you that we will be able to maintain a sufficiently diversified sales network for our products in our pharmaceutical, diagnostic products and medical devices businesses. Nor can we assure you that we will be able to renew the contracts with our distributors on the same terms and conditions. Furthermore, we have limited ability to control and manage the activities of these third-party sales channels. If any third party in our sales channels treats our competitors' products more favorably than ours, or stops selling our products, and we are unable to find appropriate substitutes, our business, financial condition and results of operations may be adversely affected. Save as disclosed in the paragraphs under "Business — Internal control", we require our distributors to undertake that they will comply with all applicable laws and regulations in the distribution agreements.

We rely on a stable supply of quality raw materials to manufacture our pharmaceutical products. Our principal raw materials used are APIs. Raw material costs account for a significant portion of the total costs for our pharmaceutical products. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, raw material costs accounted for approximately 66.5%, 72.9%, 75.3% and 77.2%, respectively, of the total cost of sales for our pharmaceutical manufacturing segment. Although raw material price fluctuations did not have a material impact on the gross profit margins of our pharmaceutical manufacturing segment during the Track Record Period primarily because the prices of most major raw materials for the segment were generally stable throughout the period, if there is a significant increase in prices of any principal raw material and we cannot pass on such increase to customers due to governmental price controls or for other reasons, the profitability of our pharmaceutical manufacturing business may be materially and adversely affected. Some of our pharmaceutical products require raw materials that are not readily available or are only manufactured by a limited number of suppliers. We do not have long-term supply agreements with most of these suppliers. We cannot assure you that our existing suppliers will continue to supply materials to us at prices and on terms and conditions acceptable to us in the future. The availability and market prices of these materials may be adversely affected by factors beyond our control, such as weather conditions, natural disasters or a sudden surge in demand. Any of the foregoing factors can affect the supply of such materials or increase raw material costs for our pharmaceutical manufacturing segment. If the supply of raw materials is disrupted, or we fail to procure raw materials of the required quality, our pharmaceutical manufacturing business may be adversely affected.

If the quality of any raw materials fails to meet our standards or any raw materials contain defects or harmful substances and we fail to detect such failures in our quality control process, our pharmaceutical manufacturing business can be adversely affected. For example, excessive levels of chromium, an industrial gelatin, have been detected in capsules ("Chromium Tainted Capsules") manufactured by some pharmaceutical manufacturing enterprises in China in April 2012. Chromium Tainted Capsules may cause cancer and pose risks to human health. The PRC government has suspended the sales of a number of capsules which contain excessive levels of chromium. To the best knowledge of our Directors, we have not used Chromium Tainted Capsules in our products, which is in violation of applicable PRC laws and regulations and none of our suppliers has been involved in the production of Chromium Tainted Capsules. Nevertheless, we cannot assure you that similar quality problems with raw materials and packaging materials will not occur in the future, which could result in regulatory or legal actions being taken against us and could adversely affect our reputation, business, financial condition and results of operations.

We may experience difficulty in implementing our growth strategies and achieving future growth.
During the Track Record Period, we have expanded rapidly through organic growth, acquisitions and strategic investments. We acquired and consolidated Fuji Medical in 2009, Hexin Pharma, Yaneng Bioscience, Moluodan Pharma, Golden Elephant Pharmacy, Shenyang Hongqi Pharma and CML in 2010 and Aohong Pharma, Dalian Aleph, Jimin Cancer Hospital and Guangji Hospital in 2011. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our revenue from the acquired businesses was RMB17.9 million, RMB136.8 million, RMB1,696.6 million and RMB1,049.0 million, respectively. Our gross profit from acquired businesses for the same periods was RMB3.6 million, RMB53.4 million, RMB686.9 million and RMB515.0 million, respectively. We aim to continue our growth organically and through selective acquisitions. Managing our growth has required, and will continue to require substantial demands on our management, operational and other resources. To manage the potential growth of our operations, we will be required to, among other things:

- control operating expenses and achieve a high level of efficiency;
- enhance our information technology systems;
- strengthen our operational, financial and management systems, procedures and controls;
- maintain and expand our relationships with suppliers, hospitals, distributors, retail pharmacies and other third-party business partners;
- control procurement costs and optimize product and service offerings and prices;
- increase marketing, sales and sales support activities;
- expand, train and manage our growing personnel resources;
- allot the appropriate management personnel and staff to the acquired businesses; and
- integrate the acquired businesses into our existing business platforms.

Our current and planned operations, personnel, systems, internal procedures and controls may not be adequate to support our future growth. If we are unable to manage our growth effectively, we may not be able to take advantage of market opportunities, or execute our business strategies.

We may not be able to successfully identify acquisition targets or complete acquisitions or integrate the acquired businesses.
One of our business strategies is to take advantage of the trend of consolidation in the highly fragmented PRC healthcare industry by undertaking merger and acquisition activities. Further, we intend to use part of the net proceeds that we receive from the Global Offering to acquire domestic and overseas healthcare businesses. Through selective mergers and acquisitions, we aim to obtain advanced technologies, new products and other resources for our pharmaceutical manufacturing business, diagnostic products and medical devices businesses, enter and expand our operations in the premium, specialty and general healthcare service markets in selected large cities in China, and expand the coverage and network of our retail pharmacies in our existing and future target markets in China. Internationally, we plan to primarily acquire overseas generic drug manufacturing companies or specialty pharmaceutical companies with strong product portfolios, research and development capabilities and/or

significant presences in China. These overseas pharmaceutical companies are expected to help us further expand our product lines and increase the sales of our products in the PRC and the international markets. In addition, we may continue to identify, pursue and consummate joint venture projects in the future.

Acquisitions in general involve numerous risks and uncertainties, including but not limited to:

- the suitability of the acquisition targets or our ability to complete acquisitions on acceptable terms;
- the availability, terms and costs of any financing required to make an acquisition;
- delays in securing or inability to secure necessary governmental approval and third-party consents;
- potential negative effects on our liquidity position;
- the diversion of resources and management attention from our existing businesses;
- potential ongoing financial obligations and unforeseen or hidden liabilities of our acquisition targets;
- the costs of and difficulties in integrating acquired businesses, managing enlarged business operations and operating in new markets, regulatory environments and geographic regions;
- our failure to deliver the expected synergies, to achieve the intended objectives or benefits, or to generate sufficient revenue to recover the costs and expenses of an acquisition; and
- dilution of our earnings per share or decrease in our margins due to the lower profitability of an acquired business.

In addition, international acquisitions involve takeovers, mergers and acquisitions, anti-trust and other laws and regulations of other jurisdictions. Our failure to comply with these foreign laws and regulations may result in failure to complete the transactions, foreign regulatory actions, litigation and other consequences that materially and negatively impact us. Our efforts to comply with these laws and regulations may also require us to incur high costs and/or commit more resources. Our failure to address these risks successfully may have a material adverse effect on our business, financial condition, results of operations and growth prospects.

We relied on external debt financing to fund our investment activities and thus generated significant finance costs in connection with our investment activities.

We have historically relied on external debt financing to fund our operating and investment activities, and thus generated significant finance costs in connection with our investment activities, including strategic investments in other companies and purchases of available-for-sale investments. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our finance costs related to investment activities, including finance costs related to one-off gains and share of profits and losses of jointly-controlled entities and associates and other headquarters finance costs, amounted to RMB103.3 million, RMB105.7 million, RMB250.7 million and RMB151.9 million, representing 78.0%, 65.1%, 79.8% and 76.7% of our total finance costs for the same periods, respectively. While our investment activities may or may not generate income or cash flows, the finance costs related to these

investment activities that we incurred are often irrecoverable and the debt we have incurred in relation to the investment activities needs to be paid down or refinanced upon maturity. Although we will mainly focus on our core businesses, including research and development, manufacturing, marketing and sales of pharmaceutical products, pharmaceutical retail and distribution, medical devices and diagnostics business and healthcare services, we may still in the future make other investments in the healthcare sectors, which may be wholly or partially funded by external debt financing and would further increase our leverage. If the income or cash flows from these investment activities are not sufficient to offset the finance costs incurred, or our finance costs significantly increase in the future, our financial condition and results of operations may be adversely affected.

If we fail to win the statutory tender process, or fail to secure orders from hospitals or other medical institutions, our pharmaceutical manufacturing business may be adversely affected.

During the Track Record Period, a substantial portion of revenue from our pharmaceutical manufacturing segment was derived from sales to hospitals and other medical institutions in the PRC. The purchase of pharmaceutical products by government owned or controlled hospitals is generally subject to an annual statutory tender process run by the relevant local governments. With the recent introduction of a more centralized statutory tender system for essential drugs, which may lead to increasing competition among suppliers of essential drugs, the PRC government is expected to apply further downward pricing pressure on pharmaceutical product manufacturers. See the section headed "Regulatory Overview — Tendering Requirements for Hospital Purchases of Medicines" for details of such statutory requirements. We may fail to win the statutory tender process if our prices are not competitive, our pharmaceutical products fail to meet certain quality requirements or are less effective clinically than competing products, our reputation is adversely affected by unforeseen events, our service quality or any other aspect of our operation fails to meet the relevant requirements, or for other reasons. If we fail to win orders from hospitals or other medical institutions through the statutory tender process, we will not be able to sell our products to them and our pharmaceutical manufacturing business will be adversely impacted. On the other hand, even if we win the statutory tender process, we may have to share the orders with other co-winners, resulting in a decrease in our share in the relevant market.

Our research and development efforts may not result in the production of commercially successful pharmaceutical products or otherwise generate desirable results.

An important element of our business strategy is to focus on the research and development of innovative drugs, biopharmaceutical generic drugs and first-to-market chemical generic drugs. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our research and development expenses, excluding capitalized research and development costs, amounted to RMB71.4 million, RMB119.9 million, RMB189.4 million and RMB101.7 million, respectively, which represented 3.1%, 4.2%, 4.9% and 4.7% of total external revenue for our pharmaceutical manufacturing segment for the same periods. However, the development process is complex, uncertain, time-consuming and costly. We cannot assure you that our research and development efforts will result in the development of commercially successful products, or that any such research projects will generate expected benefits. In particular, relatively few medical research and development programs successfully developed commercially viable products. In addition, a product candidate that appears promising at the early phases of development may fail to reach the market for a number of reasons, such as:

- failure to demonstrate safety and efficacy in preclinical and clinical trials;
- lack of proprietary rights, such as patent rights for product candidates;

- inability to acquire or license such rights on commercially reasonable terms, or at all; and
- failure to obtain approvals for the intended use from relevant regulatory bodies, such as the SFDA.

Delays in any part of the development process or inability to obtain regulatory approval of our products could have a material adverse effect on our business, financial condition, results of operations and prospects.

Even if we successfully develop and launch a new product, we cannot assure you that it will be commercially accepted in the market. The primary factors which may affect the commercial viability of our products include, among other things:

- our reputation and brand image;
- the safety and effectiveness profile of the product;
- the product's perceived advantages and disadvantages as compared to competitors' products;
- the product's cost-effectiveness; and
- the effectiveness of our marketing efforts.

If any of our new products is not well accepted by the market, we may not be able to recoup our investment in the research and development process. Moreover, even if we successfully commercialize new products, these products may serve markets that are currently being served by our existing products and may result in cannibalization of our existing products. If our research and development efforts fail to attain our projected sales levels, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We may from time to time become a party to litigation, legal disputes, claims or administrative proceedings that may materially and adversely affect us.

As a large publicly listed company, we may from time to time become a party to various litigation, legal disputes, claims or administrative proceedings arising in the ordinary course of our business. Such negative publicity may damage our reputation and adversely affect the image of our brands and products. In addition, ongoing litigation, legal disputes, claims or administrative proceedings may distract our management's attention and consume our time and other resources. Furthermore, any litigation, legal disputes, claims or administrative proceedings which are not of material importance may escalate due to the various factors involved, such as the facts and circumstances of the cases, the likelihood of winning or losing, the monetary amount at stake, and the parties concerned continue to evolve in the future, and such factors may result in these cases becoming of material importance to us. Finally, if any verdict or award is rendered against us, we could be required to pay significant monetary damages, assume other liabilities, and suspend or terminate the related business ventures or projects. Consequently, our business, financial condition and results of operations may be materially and adversely affected. See "Business — Legal and Regulatory Matters" for more details.

Substantially all of our pharmaceutical products must undergo a clinical trial process before they can be introduced into the market for commercial sale. The process is expensive, lengthy and uncertain.

Generally, we have to provide regulatory authorities with clinical data that demonstrates the safety and effectiveness of our pharmaceutical products in order to obtain approval for their commercial sale. The clinical trial process, which involves preclinical testing and clinical development, can take several years to complete and the outcome of such process is uncertain.

Product testing can fail at any stage of the clinical trial. Success in preclinical testing and early clinical trials does not ensure that later clinical trials will be successful, and interim results of trials do not necessarily predict final results. It is not unusual for companies to suffer significant setbacks in advanced clinical trials, even after promising results in earlier trials. Preclinical and clinical data can be interpreted in different ways, which could delay, limit or prevent further testing or regulatory approval.

Further, the duration of a clinical trial generally varies substantially with the type, complexity, novelty and intended use of the product. Clinical trials may be delayed or need to be repeated for many reasons, such as negative or inconclusive results, adverse medical events, ineffectiveness of the study compound, inability to manufacture sufficient quantities of the compound for use in clinical trials and failure of the regulatory authority to approve our clinical trial protocols. Our clinical trials may be suspended at any time if we or the regulatory authorities believe the patients participating in our studies are exposed to unacceptable health risks.

We do not know whether planned clinical trials will begin on time or whether any of our clinical trials will be completed on schedule, or at all. Our product development costs would likely increase if we encounter delays in testing or obtaining approvals or if we need to perform more or larger clinical trials than planned. If the delays are significant, the commercial prospects for some of our pharmaceutical products will be harmed, which will adversely affect the results of operations in our pharmaceuticals business. Our pharmaceuticals business may also be adversely affected if after we devote significant time and expense on the clinical trial process, the product under development fails to achieve approval for commercial sale.

We rely on third parties for the development, clinical testing and marketing of certain pharmaceutical products outside China.

In order to leverage on the network and brand name of research institutions in developed countries, we have entered into research agreements with certain such institutions with respect to the development of specific products or production processes. We also contract with research organizations and other third parties in developed countries to manage the clinical trials of some of our pharmaceutical products and invest in joint ventures to develop and commercialize new products.

We cannot assure you that we will be able to enter into similar collaborative relationships with third parties for additional research and development, preclinical and clinical testing and marketing. Our inability to maintain or develop such relationships could limit the growth of our pharmaceutical products' sales.

Collaborative relationships may create obligations on our part, such as confidentiality, non-competition and exclusivity in the procurement of raw materials or distribution of end products. These obligations may place restrictions on our operations and our ability to procure or use certain external resources. If the parties collaborating with us fail to perform under their relevant agreements with us or fail to meet

regulatory standards, clinical testing of the relevant products may be delayed or prematurely terminated. Moreover, these parties may gain access to our patents, trademarks, know-how, trade secrets and/or other intellectual properties through collaboration with us. Even though the collaboration agreements generally have confidentiality provisions, we cannot assure you that the parties collaborating with us will not knowingly or unknowingly misuse, infringe or violate our intellectual properties to their advantage and that the relevant agreements can offer us meaningful protection against such misuse, infringement or violation. These parties could also pursue alternative technologies as a means of developing or marketing products for the diseases targeted by our collaborative programs.

We operate in highly competitive industries, and our business, financial condition and results of operations may be adversely affected if we are not able to compete effectively.

Each of the pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices industries is highly competitive, and we face intense competition in each of our business segments. Our pharmaceutical products may lose their market appeal as lower-priced products become available, as similar or new products are introduced or as other technological advances and developments render our products obsolete or less effective. In particular, the majority of revenue in our pharmaceutical manufacturing business was derived from sales of generic drugs during the Track Record Period. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, sales of our generic drugs accounted for 59.1%, 61.5%, 63.9% and 71.8%, respectively, of external segment revenue of our pharmaceutical manufacturing segment. Since we do not have intellectual property rights in these products or enjoy any administrative protection in respect of their production, we cannot preclude any third party from offering the same products at more competitive prices. Partly as a result of their non-proprietary nature, competition in the market segment for many of these products is intense. Our key competitors are multinational pharmaceutical companies as well as large domestic pharmaceutical companies, whose products have similar curative effects and can be used as substitutes for our products. See the section headed "Business — Competition" from page 217 to page 219 in this prospectus for additional information.

In our pharmaceutical distribution and retail business, our key competitors are regional pharmaceutical distributors, large retail pharmacy chains, independent pharmacies, supermarkets and convenience chains in our target markets. As we further expand our healthcare service operations, we expect to face strong competition from other premium or specialized healthcare service providers in our target markets in China. In our diagnostic products and medical devices business, we compete with both large multinational companies and domestic diagnostic products and medical devices manufacturers.

We cannot assure you that we will be able to remain competitive by distinguishing our products or services from our competitors, or by expanding our production capacity, sales forces, retail pharmacy network or healthcare service operations, nor can we assure you that we will be able to maintain or increase our existing market share in any of our business segments. Our competitors in each of our business segments may have more financial resources, better research and development resources, manufacturing techniques, marketing capability and experience than we do and may choose to invest more in the product and technology development, service offering, facilities and equipment, or sales and marketing, as the case may be. As a result, our competitors in the pharmaceutical manufacturing, diagnostic products and medical devices industries may succeed in developing products that are more effective, less costly or with a shorter time-to-market than ours, our competitors in the pharmaceutical distribution and retail business may be able to offer products that are more popular in the pharmaceutical retail market than ours, and our competitors in the healthcare service business may be

able to deliver healthcare services that are more effective and less costly than ours. We must continuously keep abreast of the latest developments in our industries in order to remain competitive. Furthermore, new competitors may enter the markets in which we currently operate. If we are unable to compete effectively against our existing or new competitors, our business, financial condition and results of operations may be materially and adversely affected.

We may fail to obtain sufficient capital resources for future growth and other operational needs.
We require additional capital resources to pursue our growth strategy through organic expansion as well as strategic investments and acquisitions and to remain competitive by responding in a timely manner to technological changes or market demand. In particular, we require significant capital to build, maintain, operate and expand our production facilities, engage in research and development activities, broaden our retail pharmacy network, develop our healthcare services business, and to make new acquisitions in each of our business segments.

We expect to meet our funding needs through cash flows from operations, securities offerings, bank borrowings and other external financing sources. Our ability to obtain additional financing will depend on a number of factors, including our financial condition, results of operations and cash flows, China's economic condition, costs of financing including changes in interest rates, prevailing conditions in the capital markets and regulatory requirements. In 2011, the PBOC had increased the benchmark interest rates and the statutory deposit reserve ratio a number of times in order to combat inflation. For instance, the one-year benchmark loan interest rate was raised from 5.81% in January 2011 to 6.56% in July 2011. The increase in the interest rates and statutory deposit reserve ratios tightened credit and negatively affected the abilities of many companies to borrow from financial institutions. If we cannot obtain sufficient funding on acceptable terms or, to the extent required, receive necessary approvals for our financing plans from the regulatory authorities, we may not be able to successfully implement our business strategy, and our prospects could be materially and adversely affected.

We may incur losses and our reputation may be adversely affected by potential product liabilities relating to certain products that we manufactured.
In August and September 2012, Yao Pharma, one of our subsidiaries, was notified by the Chongqing branch of SFDA that certain hospitals in Anhui and Jiangsu provinces and Guangxi Zhuang Autonomous Region reported a number of occurrences of side effects in patients after their being administered Shaduolika from two different batches. Shaduolika, one of our major products(1), is used to treat viral pneumonia and viral upper respiratory infections. After receiving injections of Shaduolika, a total of 32 patients experienced shivering, allergy-like reactions, fever and other mild symptoms of side effects. As disclosed in Shaduolika's product information leaflet, which has been approved by the SFDA, shivering, allergy-like reactions, fever and other mild symptoms experienced by these patients are listed as side effects associated with the use of this medication.

Upon being notified of these occurrences, Yao Pharma immediately activated voluntary recall procedures for the two batches of Shaduolika products involved in the occurrences of side effects as well as 14 other batches which were manufactured around the same time as the abovementioned two batches. The production cost for the recalled Shaduolika products amounted to approximately RMB1.4 million. We had also voluntarily suspended the production of Shaduolika and are currently conducting

Note:

(1) We use a set of criteria in selecting our major products, and such criteria include sales contribution, market potential and brand reputation.

our own investigation into the production of Shaduolika, including the examination of our procurement, manufacturing, quality control and product evaluation procedures for Shaduolika. Based on our investigations, we will ensure that any production problems that may have caused a quality issue with our Shaduolika products are identified and fully rectified and that the safety of this product is thoroughly tested and verified prior to resuming the production and sales of Shaduolika.

Additionally, quality of pharmaceutical products may also be affected by various other factors after production. Also see "Risk Factors — Risks Relating to Our Businesses and Industries — We are subject to risks associated with quality issues that may arise on our pharmaceutical products during post production processes" on page 70.

On 25 September 2012, we received an administrative penalty decision issued by the Chongqing branch of SFDA. The decision indicates that a batch of Shaduolika product that were reported to have caused cases of side effect in Jiangsu province contains excessive level of bacterial endotoxins and therefore failed to meet the applicable quality requirements, according to the examination conducted by the Jiangsu Changzhou branch of SFDA. Pursuant to the administrative penalty decision, the government authorities disgorged our revenue of RMB9,282 from sales of the defective batch of Shaduolika products, confiscated all of our recalled Shaduolika products from this defective batch, and imposed a fine of RMB280,730.90, which was equivalent to the value of the defective batch of Shaduolika products, on Yao Pharma. As at the Latest Practicable Date, the defective batch of Shaduolika had been successfully recalled.

We understand that the relevant government authorities have conducted random inspections and sample tests of other batches of Shaduolika. Our PRC legal adviser Chen & Co Law Firm confirms that the statutory period of limitation for legal claims against pharmaceutical manufacturers or hospitals from patients is generally two years from the moment patients discover or should have discovered that their rights have been infringed upon. However, in particular, if patients file claims for compensation of personal injuries or initiate litigations against sales of substandard goods without prior notice, the statutory period of limitation is one year from the moment patients discover or should have discovered that their rights have been infringed upon. We do not maintain product liability insurance for Shaduolika. Our revenue generated from Shaduolika was RMB67.2 million, RMB77.6 million, RMB80.1 million and RMB62.9 million for the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, respectively. After taking into consideration the costs of the product recall, inspection fees, transportation expenses, consultation fees, contingent liabilities for potential litigations, potential compensation payments and other expenses, our Directors expect to incur no more than RMB3.3 million in expenses in relation to these occurrences of side effects.

We cannot assure you that similar or more serious incidents relating to our product quality will not arise in the future, including but not limited to quality issues arising from raw materials procurement, manufacturing, storage and transportation. Any claims against us, regardless of their merit, could materially and adversely affect our financial condition, because litigation related to these claims could strain our financial resources in addition to consuming the time and attention of our management. If any claims against us were to prevail, we may incur monetary liabilities, and our reputation could be adversely affected, which in turn would have a material and adverse impact on our business, financial condition and results of operations. Also see "Risk Factors — Risks Relating to Our Businesses and Industries — We may incur losses resulting from product liability claims or product recalls" from page 70 to page 71.

We are subject to risks associated with quality issues that may arise on our pharmaceutical products during post-production processes.

The quality of our pharmaceutical products may be affected during certain post-production processes including transportation, storage, warehousing and usage. We generally rely on transport operators for delivery of our products. Delivery disruptions for various reasons beyond our control, including weather conditions, political turmoil, social unrest and strikes could lead to delayed deliveries. The nature of pharmaceutical products may also mean that poor handling by pharmacies, hospitals or transport operators could result in damage to our products, including contamination or degeneration. Some of these processes are managed by third parties, which we have limited control over. Product liability claims may arise if any of our pharmaceutical products are deemed or proven to be unsafe, ineffective, defective or contaminated. Under certain circumstances, we may be required to recall products. Even if a situation does not necessitate a product recall, we cannot assure you that product liability claims will not be asserted against us as a result. Any claims relating to the quality of our pharmaceutical products, regardless of their merit, could adversely affect our reputation, divert our time, resources and attention of our management, and result in material and adverse impact on our business, financial condition and results of operations. Also see "Risk Factors — Risks Relating to Our Businesses and Industries — We may incur losses and our reputation may be adversely affected by potential product liabilities relating to certain products that we manufactured" from page 68 to page 69.

We may incur losses resulting from product liability claims or product recalls.

We are subject to product liability claims with respect to the pharmaceutical products, diagnostic products and medical devices we manufacture, distribute and/or sell. Such claims may arise if any of our products are deemed or proven to be unsafe, ineffective, defective or contaminated or when we are alleged to have engaged in practices such as improper filling of prescriptions, insufficient or improper labeling of products, provided inadequate warnings or insufficient or misleading disclosures of side effects, or unintentionally distributed counterfeit medicines. In the event that the use or misuse of any product manufactured and/or distributed by us results in personal injury or death, product liability and/or indemnity claims may be brought against us. We may be subject to product recalls, and the relevant regulatory authorities in the PRC may close down some of our related operations and take other administrative actions against us. In addition, as pharmaceutical manufacturers are responsible for all consequences arising from clinical trials of their new products in China, we could be subject to claims and expenses arising from any professional malpractice of medical practitioners or researchers with whom we contract for clinical trials. We may also be held responsible for professional malpractice by medical practitioners or researchers with whom we contract for clinical trials in other countries, such as the United States. Moreover, we may be subject to malpractice or other claims for injuries or wrongful death claims in our healthcare service business.

We cannot guarantee that such claims will not be filed against us in the future. A substantial claim or a substantial number of claims against us, if successful, would have a material adverse effect on our reputation, business, financial condition and results of operations. We do not have product liability insurance for all of the products manufactured or sold by us. From 2009 to 2011, we maintained product liability insurance for all products manufactured or sold by our subsidiaries Shine Star, Huaiyin Medical, Carelife Pharma and Guilin Pharma. The product liability insurance covers personal injuries, diseases, death and loss of property resulting from the use, consumption or operation of the products of these subsidiaries globally. We significantly expanded the scope of our product liability insurance coverage in 2012. Our product liability insurance policy is now more product-oriented, and it now covers a significant portion of of our major products. See "Business — Insurance" from page 232 to page 233

for details of the scope of our product liability insurance coverage. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, revenue generated by the pharmaceutical products covered by product liability insurance for the same periods accounted for 42.3%, 36.2%, 33.3% and 51.7% respectively, of the external revenue of our pharmaceutical manufacturing segment. For the products for which we have insurance, our coverage may not be sufficient to cover the amount of damages. If any of our products are alleged to be harmful, we may experience reduced sales of the products manufactured or distributed by us and may have to recall these products from the market. Any claims against us or any product recalls, regardless of merit, can strain our financial resources and consume the time and attention of our management. If any claims against us are successful, we may incur monetary liabilities, and our reputation may be severely damaged.

Moreover, applicable laws, rules and regulations require our in-store retail pharmacists to offer advice, without additional charge, to our customers regarding medication, dosage, common side effects and other information deemed significant by these pharmacists. Our in-store pharmacists may be legally required to warn customers regarding any potential negative effects of a prescription medicine. We may be liable for claims arising from such advice or the failure to adhere to such advice given by our in-store pharmacists, and our business, financial condition and results of operations, as well as reputation, could be materially and adversely affected.

We are subject to risks associated with our international businesses and operations.
We have operations overseas, such as in the United States, Germany, Ghana and Hong Kong. We also derive a portion of our revenue from international sales. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our revenue from sales of our overseas subsidiaries amounted to RMB0.2 million, RMB2.8 million, RMB559.9 million and RMB210.4 million, representing nil, 0.1%, 8.7% and 6.1% of our total revenue for the same periods, respectively. For the same periods, our revenue from our sales to customers outside China amounted to RMB673.1 million, RMB628.2 million, RMB756.9 million and RMB384.0 million, representing 17.5%, 13.9%, 11.8% and 11.1% of our total revenue, respectively. We aim to expand our international operations and we will continue our international sales. As a result, we are subject to a variety of risks and uncertainties associated with international operations and sales, including:

- compliance with foreign laws, regulatory requirements and local industry standards, in particular, those related to pharmaceutical products, diagnostic products and medical devices;
- exposure to increased litigation risks outside China;
- political and economic instabilities;
- foreign exchange rate exposure;
- unfamiliarity with local operating and market conditions;
- cultural and language difficulties;
- competition from local companies;
- foreign taxes;

- stringent environment, safety and labor standards; and
- potential disputes with foreign partners and difficulty in managing relationships with foreign customers.

Any of the foregoing and other risks and uncertainties could adversely affect our international operations and result in reduced revenue from our international operations and sales, which in turn could adversely affect our financial condition and results of operations.

We may not be able to maintain proper inventory levels for our operations.
We consider a number of factors when we manage the inventory levels for our manufacturing, distribution and retail operations, including costs of holding inventory, our product portfolio, the preferences and purchasing trends of our customers, and our goal of prompt delivery of products in sufficient quantity in response to customers' requests. For the years ended 31 December 2009, 2010 and 2011 and the six months ended 30 June 2012, our inventory turnover days were 78.9, 93.6, 94.0 and 111.0, respectively. The volatile economic environment and fast-changing demands and preferences of our customers have made accurate projection of inventory levels increasingly challenging. Inventory levels in excess of customer demand may result in inventory write-downs, expiration of products or an increase in inventory holding costs. Conversely, if we underestimate customer demand for our products or if our suppliers fail to provide supplies to us in a timely manner, we may experience inventory shortages. Such inventory shortages might result in unfilled customer orders and have a negative impact on customer relationships. We cannot assure you that we will be able to maintain proper inventory levels for our operations and such failure may have an adverse effect on our business, financial condition, results of operations and profitability.

Third parties may infringe upon our intellectual property rights and other forms of protection under PRC law.
Our success depends, to a large degree, upon obtaining and maintaining intellectual property rights and other forms of protection afforded to our products and services under PRC law, and defending these rights against third-party challenges. Under PRC law, we generally have the exclusive right to use a trademark for products and services for which such trademark has been registered with the Trademark Office by us. As at 30 June 2012, we had registered 643 trademarks with the Trademark Office, such as 復星 (Fosun), 萬邦 (Wanbang), and 萬蘇平 (Wan Su Ping), which were used in our business. In addition, as at 30 June 2012, we had 106 invention patents, 35 utility models patents and 79 design patents registered with the SIPO. Our competitors may independently develop proprietary technology similar to ours, introduce counterfeits of our products, misappropriate our proprietary information or processes, infringe on our patents, brand name and trademarks, or produce similar products that do not infringe on our patents or successfully challenge our patents. Our efforts to defend our patents, trademarks and other intellectual property rights may be unsuccessful against competitors or other violating entities, we may be unable to identify any unauthorized use of our patents, trademarks and other intellectual property rights and may not be afforded adequate remedies for any breach. In particular, in the event that our registered patents and our applications do not adequately describe, enable or otherwise provide coverage of our technologies, samples and products, we would not be able to exclude others from developing or commercializing these technologies, samples and products.

In addition, we rely on trade secrets and proprietary know-how to protect our intellectual property. We have generally entered into confidentiality agreements (which include, in the case of employees, non-competition provisions and intellectual property right ownership provisions) with our key research and development personnel. These agreements provide that all confidential information developed or made known to the individual during the course of the individual's relationship with us is to be kept confidential and not disclosed to third parties except in circumstances specified in the agreements. In the case of employees, the agreements provide that all of the technology which is conceived by the individual during the course of employment is our exclusive property. However, these agreements may not provide meaningful protection or adequate remedies in the event of unauthorized use or disclosure of our proprietary information. In addition, it is possible that third parties could independently develop information and techniques substantially similar to ours or otherwise gain access to our trade secrets.

In the event that any misappropriation or infringement of our intellectual property occurs in the future, we may need to protect our intellectual property or other proprietary rights through litigation. Litigation may divert our management's attention from our business operations and possibly result in significant legal costs, and the outcome of any litigation is uncertain. In addition, infringement of our intellectual property rights may impair the market value and share of our products, damage our reputation and adversely affect our business, financial condition and results of operations.

We may face intellectual property infringement claims initiated by third parties.
Third parties, including our competitors, may make claims or initiate litigation seeking to establish their patent, trademark, copyright and other intellectual property rights in respect of products, technologies, trade names and company names relevant to our business. The risk of being subject to intellectual property infringement claims will increase as we continue to expand our operations and diversify our product lines. Because of the confidential nature of PRC patent applications and the numerous patent applications currently under review in China, we may be unable to determine whether any of our products, processes and other related matters infringe upon the rights of others. Specifically, under PRC patent law, the term of patent protection starts from the date the patent was filed, instead of the date it was issued. Therefore, our priority in any PRC patents may be defeated by third-party patents issued on a later date if the applications for such patents were filed prior to our own, and the technologies underlying such patents are the same as or substantially similar to ours. In such a case, a third party with an earlier application may force us to pay to license its patented technology, sue us for patent infringement and/or challenge the validity of our patents. Regardless of their merit, any claims would divert management's attention and result in possibly significant legal costs. If such claims are successful, we may be required to obtain licenses from, or pay compensation to, the claimants to continue producing or selling such products or using such trademarks, trade names and company names or incur additional costs in reformulating the product to bypass the patent. Such licenses, however, may not be available on commercially reasonable terms or at all. In addition, we may be forced to discontinue production of the relevant products and may be required to compensate the claimant for any infringement.

Registration of our Group's logos as trademarks in Hong Kong is still pending approval.
We submitted our applications to the Trade Marks Registry of the Intellectual Property Department of the Government of Hong Kong for registration of our Company's logos included on the cover of this prospectus as trademarks on 23 December 2011. As at the Latest Practicable Date, the registration of such trademarks had not yet been approved by the Trade Marks Registry. There is no assurance that we will not receive any objection to the pending trademark applications in Hong Kong. In addition, there

can be no assurance that the use of such logos by our Company will not infringe the intellectual property rights of any third party or otherwise violate any laws of Hong Kong. Any liability claim in relation to the use of such logo by our Company, made or threatened to be made against us in the future, regardless of its merits, could result in costly litigation and strain our administrative and financial resources.

The existence of counterfeit pharmaceutical products in the PRC pharmaceutical market may damage our brand and reputation and have a material adverse effect on our business, financial condition, results of operations and prospects.

Certain pharmaceutical products distributed or sold in the PRC pharmaceutical market may be counterfeit, as these pharmaceuticals were manufactured without proper licenses or approvals and fraudulently mislabeled with respect to their content and/or manufacturer. Such counterfeit pharmaceutical products are generally sold at lower prices than authentic pharmaceutical products due to their lower production costs, and in some cases are very similar in appearance to the authentic pharmaceutical products. Counterfeit pharmaceutical products may or may not have the same chemical content as their authentic counterparts. The regulatory control and enforcement system with respect to counterfeit pharmaceutical products in China is not able to completely eliminate the production and sales of counterfeit pharmaceutical products. Any illegal sale of counterfeit pharmaceuticals by others under our brand names with respect to pharmaceuticals, in-vitro diagnostic products or medical devices in our manufacturing operations, use of counterfeit pharmaceutical products, diagnostic products or medical devices in our healthcare services business, or unintentional sale of counterfeit pharmaceutical products by us in our pharmaceutical distribution and retail operations may subject us to negative publicity, reputational damage, fines and other administrative penalties or even result in litigation against us. Moreover, the appearance of counterfeit pharmaceutical products, products of inferior quality and other unqualified products in the healthcare markets in China in recent years from time to time may reinforce the negative image in general of all pharmaceutical, diagnostic products and medical devices manufacturers, distributors and retailers among consumers in China, and may severely harm the reputation and brand names of companies like us.

Furthermore, consumers may buy counterfeit pharmaceuticals that are in direct competition with our pharmaceuticals or with the pharmaceuticals of our suppliers that we sell or distribute to in our pharmaceutical distribution and retail operations. As a result of these factors, the continued proliferation of counterfeit pharmaceutical products in China could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our success and business operations are largely dependent on our senior management team and our ability to attract and retain talented personnel.

Our success depends on the continued service of our senior management team, as identified in the section headed "Directors, Supervisors, Senior Management and Employees" in this prospectus. The expertise, industry experience and contributions of our executive Directors and other members of our senior management are crucial to our success. We will need an increasing number of experienced and competent executives and other members of our senior management team in the future to implement our business strategies and growth plans. If we lose any of our key management members, including any of our Directors and senior officers, and are unable to recruit and retain replacement personnel with equivalent qualifications or talents in a timely manner, the growth of our business could be adversely affected.

Our success also depends on our ability to attract and retain qualified and skilled managerial, technical, research and development, sales and marketing, healthcare service and other personnel. We cannot assure you that we will be able to attract, hire and retain sufficient numbers of qualified and skilled personnel to continue to develop and grow our business. The inability to attract and retain a sufficient number of such skilled personnel could limit our ability to maintain our existing product portfolio and distribution channels, develop new products or distribution channels, or open additional pharmacies. In addition, competition for these individuals could cause us to offer higher compensation and other benefits in order to attract and retain them and consequently affect our financial condition and results of operations.

We rely on information systems in managing our operations and any system failures or deficiencies of our information systems may have an adverse effect on our business, financial condition and results of operations.

We make use of information systems to rapidly obtain, process, analyze and manage data. We use these systems to, among other things, monitor the daily operations of our business and maintain operating and financial data for compilation of management and financial reports. We may use our computer hardware and network for the storage, delivery and transmission of the data for our distribution and retail systems. Any damage by unforeseen events or system failure which cause interruptions to the input, retrieval and transmission of data or increase in the service time could disrupt our normal operations. We cannot assure you that we can effectively carry out our disaster recovery plan to handle the failure of our information systems, or that we will be able to restore our operational capacity in a timely manner to avoid disrupting our business. The occurrence of any of these events could have a material adverse effect on our business, financial condition and results of operations. In addition, if the capacity of our information systems fails to meet the increasing needs of our expanding operations, our ability to expand may be constrained.

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of our other shareholders.

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management and policies and decisions regarding mergers, expansion plans, business consolidation, the sale of all or substantially all of our assets, election of directors, dividend or other distributions and other significant corporate actions. Three of our non-executive Directors are at the same time directors or members of senior management of the companies which constitute our Controlling Shareholders. The concentration of ownership interests and the substantial influence of our Controlling Shareholders over us may discourage, delay or prevent a change in control of our Company, which could deprive other shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and reduce the price of our Shares. In addition, the interests of our Controlling Shareholders may differ from the interests of our other shareholders. Subject to our Articles of Association and applicable laws and regulations, our Controlling Shareholders will continue to have the ability to exercise their substantial influence over us and to cause us to enter into transactions or take, or fail to take, actions or make decisions which conflict with the best interests of our other shareholders.

Our historical dividends may not be indicative of our future dividend policy.

We declared and paid RMB123.8 million, RMB190.4 million and RMB190.4 million in cash dividends for the years ended 31 December 2009, 2010 and 2011, respectively. Subject to the factors discussed from page 366 to page 367 of "Financial Information — Dividend Policy", we may distribute dividend in cash or in stock for the 2012 financial year. If in cash, the dividend will be no less than 10% of the

distributable profits attributable to shareholders of our Company for the financial year. The specific plan of dividend distribution will be determined at the general meeting of our Shareholders based on our actual operating results. However, we cannot guarantee whether and when any dividends will be paid in the future, and the amount of dividends that we may have declared historically is not indicative of our Company's future profit or the amount of dividends that we may pay in the future. For further information on our dividend policy after completion of the Global Offering, please see the section headed "Financial Information — Dividend Policy" in this prospectus. The plans on declaration, payment and the amount of any future dividends will be made at the discretion of our Board and will depend upon general business conditions and strategies, our financial results and capital requirements, our shareholders' interests, contractual restrictions on the payment of dividends by us to our shareholders or by our subsidiaries to us, taxation considerations, possible effects on our creditworthiness, statutory and regulatory restrictions and other factors that our Board may deem relevant. Our dividend distribution plans are also subject to the approval of our shareholders.

Our business operations may be materially and adversely affected by present or future environmental regulations or enforcement and we deal with potentially hazardous materials that may cause environmental contamination or injury to others.

We are subject to PRC laws, rules and regulations concerning the discharge of effluent water and solid waste during our manufacturing processes. In addition, we are required to obtain clearances and authorizations from government authorities for the treatment and disposal of such discharge. We cannot assure you that we will be able to comply fully at all times with applicable environmental regulations. Any violation of these regulations may result in substantial fines, criminal sanctions, revocations of operating permits, shutdown of our facilities and obligations to take corrective measures. Furthermore, the cost of complying with current and future environmental protection laws, rules and regulations and the liabilities which may potentially arise from the discharge of effluent water and solid waste may materially increase our costs as well as materially decrease our profit.

Our research and development programs, clinical trials and manufacturing operations may involve the use of hazardous materials. In particular, the risk of accidental contamination to the environment or injury to our employees or others from the use, manufacture, storage, handling or disposal of these materials may not be completely eliminated. In the event of contamination or injury, we could be held liable for any resulting damages, which could exceed our resources or any insurance coverage we may have. Furthermore, governmental agencies could initiate investigations against us, which may result in fines, sanctions, revocations of operating permits, suspension of our operations, closure of our facilities or other penalties. Our reputation may be harmed as well.

Moreover, the PRC government may take steps towards the adoption of more stringent environmental regulations. Due to the possibility of unanticipated regulatory or other developments, the amount and timing of future environmental expenditures may vary substantially from those currently anticipated. If there is any change in the environmental regulations, we may need to incur substantial capital expenditures to install, replace, upgrade or supplement our pollution control equipment, take additional protective and other measures against potential contamination or injury caused by hazardous materials, or make operational changes to limit any adverse impact or potential adverse impact on the environment. If these costs become significantly more expensive, we may be forced to cease certain of our pharmaceutical manufacturing business. In addition, environmental liability insurance is not commonly

available in the PRC. Consequently, any significant environmental liability claims, if successfully brought against us, could have a material adverse effect on our business, financial condition and results of operations.

Our right to occupy and use some of our land and buildings is subject to legal uncertainties.
We face several legal uncertainties in our continued occupation of some of the properties we currently use. First, as at 31 July 2012, we did not have valid title certificates, such as land use right certificates (or LURCs), building ownership certificates (or BOCs) or real estate title certificates (or RECs), for 69 properties which had an aggregate gross floor area of approximately 42,157.80 square meters, representing approximately 6.72% of the aggregate gross floor area we owned and occupied as at that date. Our rights in relation to such properties and land, including the rights of occupation, utilization, profit and disposal, may not be recognized and protected under PRC law until we obtain the relevant title certificates. We are in the process of applying for the relevant title certificate for 20 of these properties and land. We cannot assure you that we will be able to obtain all necessary title certificates for each of these properties and land.

Second, as at 31 July 2012, we had not obtained the required governmental approvals to occupy certain parcels of land of the 69 properties referred to above. Our PRC counsel has advised us that according to the PRC Land Administration Law (《中華人民共和國土地管理法》) and the Regulations on the Implementation of the PRC Land Administration Law (《中華人民共和國土地管理法實施條例》), we may be required to return the land to its previous owner, demolish and remove buildings constructed on the land, restore the land to its original condition, or turn over the buildings to the government, and we may be fined an amount up to RMB30 per square meter.

Third, as at 31 July 2012, we did not have the planning permits for some of the 69 properties. Our PRC counsel has advised us that we may be fined an amount of up to 10% of the consideration paid for the relevant construction and we may be required to demolish and remove buildings constructed, according to the PRC City and Village Planning Law (《中華人民共和國城鄉規劃法》). In addition, we did not have the construction permits for some of the 69 properties. Our PRC counsel has advised us that we may be fined an amount of up to 2% of the consideration paid under the relevant construction contracts, according to the PRC Construction Law (《中華人民共和國建築法》) and the Regulations on Quality Management of Construction Projects (《建設工程質量管理條例》).

Fourth, as at 31 July 2012, there were 13 properties occupied and leased by us for which the lessors had not provided us with the relevant BOCs or documentary evidence of the property owners' consent to sublease, as a result of which the leases had not been registered with the relevant government authority. These properties represented approximately 1.97% of the aggregate gross floor area we owned and occupied in the PRC as at that date. Such leases may be deemed invalid and unenforceable under PRC law. In addition, we cannot assure you that we will be able to renew our leases on terms acceptable to us upon their expiration. If any of our leases were to be terminated as a result of challenges by third parties or our lessors' refusal to renew them upon expiration of such leases, we may be forced to relocate some of our manufacturing operations or offices and incur losses or additional costs associated therewith.

Our pharmaceutical products may not receive international accreditation.

We seek to increase our export of certain pharmaceutical products. Local governmental approvals are required before we may develop, market and sell our pharmaceutical products in a particular country or region. In most countries and regions, obtaining government approval to develop, market and sell new drugs is time-consuming and expensive, and clinical studies conducted outside of any particular country may not be accepted by that country and the approval of a pharmaceutical product in one country does not assure that the product will be approved in another country. In addition, governmental approvals might not be obtained in a timely manner, if at all, and we and our collaborative partners might not be able to meet other regulatory requirements for our pharmaceutical products. Even if we are successful in obtaining all required approvals to market and sell a new drug, our failure to comply with pharmaceutical-marketing requirements and other regulations could result in suspensions or limitations of relevant government approvals.

In the case of exports to a developed country or region, our growth and success in such a market will depend upon acceptance by local physicians, laboratories and health insurance providers of our pharmaceutical products. This requires acceptance of our pharmaceutical products as clinically useful and cost-effective alternatives to other competing products. Furthermore, our growth and success in any country or region will depend, in part, on the extent to which companies, governmental bodies and other organizations in such country or region provide insurance or comparable coverage for using our pharmaceutical products. These third party players are increasingly challenging the price of medical procedures and services and establishing guidelines that may place limitations on the selections of products and procedures. We also cannot predict the effect of any current or future policies relating to bulk purchases of pharmaceutical products by companies and other organizations in any country or region we target to market and sell our pharmaceutical products to, which may have more stringent criteria than the official standards for pharmaceutical products. Our failure to meet the standards of these third party players and the bulk procurement policies of such companies and other organizations may adversely affect our products' ability to gain accreditation or acceptance in the relevant countries or regions.

Our operations are subject to hazards and natural disasters that may affect our operations and may not be fully covered by our insurance policies.

Our pharmaceutical, healthcare services, diagnostic products and medical devices businesses involve the use of complex equipment and facilities and therefore may be disrupted by equipment or facility failures or production safety accidents due to human errors or other non-human causes. Our business operations may also be disrupted due to the occurrence of power or water outage accidents, natural disasters or similar events. In particular, our pharmaceutical manufacturing business involves the production or handling of various industrial chemicals, harmful biological or other hazardous materials which may cause contamination, injury or other harm. We cannot assure you that all claims under our insurance policies will be honored fully or on time or be sufficient to cover any damage. We do not carry any business interruption insurance or third-party liability insurance for personal injury or environmental damage arising from accidents at our facilities. In addition, there are certain types of losses, such as those resulting from war, acts of terrorism, or natural disasters, for which we cannot obtain insurance at a reasonable cost or at all. Should an accident, natural disaster or terrorist act occur, or should an uninsured loss or a loss in excess of insured limits occur, we could suffer from financial losses, as well as damage to our reputation, or lose all or a portion of future revenues anticipated to be derived from the relevant facilities. Any material loss not covered by our insurance could materially and adversely affect our business, financial condition and results of operations.

Each of the PRC pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, and diagnostic products and medical devices industries is highly regulated, and the regulatory framework, requirements and enforcement trends may constantly change.

Each of the PRC pharmaceutical manufacturing, pharmaceutical distribution and retail, healthcare services, diagnostic products and medical devices industries in China is highly regulated. We are governed by various local, regional and national regulatory regimes in all aspects of our operations, including licensing and certification requirements and procedures for manufacturers, distributors and retailers of pharmaceutical and healthcare products, operating and safety standards, and environmental protection. We cannot assure you that the legal framework, licensing and certification requirements and enforcement trends in our industries will not change, or that we will be successful in responding to such changes. Such changes may result in increased costs of compliance, which would adversely affect our business, financial condition and results of operations.

All pharmaceutical, diagnostic products and medical device manufacturers and pharmaceutical retail and other distribution companies in China are required to obtain certain permits and licenses from various PRC governmental authorities. We have obtained permits and licenses required for the manufacturing of our pharmaceutical products and diagnostic products and medical devices in all material aspects. In addition, we have obtained permits and licenses for the wholesale and retail distribution of our products in all material aspects. These permits and licenses held by us are generally valid for a maximum period of five years and subject to periodic renewal and/or reassessment by the relevant PRC governmental authorities. The reassessment criteria are subject to reviews and may change from time to time and the standards are increasingly stringent. We intend to apply for the renewal of these permits, licenses and certifications when required by applicable laws and regulations. Any failure by us to obtain and maintain all licenses, permits and certifications necessary to carry on our business at any time could have a material adverse effect on our business, financial condition and results of operations.

In addition, any inability to renew these permits, licenses and certifications could severely disrupt our business, and prevent us from continuing to carry on our business. Any changes in the standards used by governmental authorities in considering whether to renew or reassess our business licenses, permits and certifications, as well as any enactment of new regulations that may restrict the conduct of our business, may also decrease our revenue and/or increase our costs, which in turn could materially and adversely affect our profitability and prospects. Furthermore, if the interpretation or implementation of existing laws and regulations changes, or new regulations come into effect, so as to require us to obtain any additional permits, licenses or certifications that were previously not required to operate our existing businesses, we cannot assure you that we may successfully obtain such permits, licenses or certifications.

We are subject to regular inspections, examinations, inquiries or audits by the regulatory authorities as part of the process of our maintaining or renewing the permits, licenses and certificates required for the manufacturing and distribution of our pharmaceutical products, diagnostic products and medical devices and the provision of healthcare services. In the event that any of our products or facilities fails such inspections, our business, profitability and reputation in the relevant industries may be adversely affected.

In addition, many initiatives taken, or to be taken, by the PRC government under the ongoing healthcare reform plan are expected to significantly contribute to the growth of the healthcare industry. For example, a significant portion of the government investment under the ongoing healthcare reform plan will be applied towards subsidizing patients' purchases of drugs. We cannot assure you, however, that the relevant PRC government authorities will continue to introduce favorable policies. On the other hand, the relevant PRC government authorities may also introduce policies that are unfavorable to the healthcare industry. Termination of or material alterations to any favorable policies, or introduction of any unfavorable policies, could have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO THE PEOPLE'S REPUBLIC OF CHINA

Substantially all of our assets are located in China and most of our revenue is sourced from China. Accordingly, our business, results of operations, financial condition and prospects are to a significant degree subject to economic, political and legal developments in China.

Political, economic and social conditions, laws, regulations and policies in China could affect our businesses and results of operations.

China's economy differs from the economies of most developed countries in many respects, including but not limited to structure, level of government involvement, level of development, growth rate, control of foreign exchange, and allocation of resources.

China's economy has been transitioning from a planned economy to a more market-oriented economy. For the past three decades, the PRC government has implemented economic reform measures to emphasize the utilization of market forces in economic development. We cannot predict whether changes in China's political, economic and social conditions, as well as its laws, regulations and policies, will have any material adverse effect on our current or future business, financial condition and results of operations.

Changes in foreign exchange regulations and future movements in the exchange rate of the Renminbi may adversely affect our financial condition and results of operations and our ability to pay dividends.

Current foreign exchange regulations have reduced the PRC government's foreign exchange control on routine transactions under the current account, including trade and service-related foreign exchange transactions and payment of dividends. Under the existing foreign exchange regulations in the PRC, following completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, we cannot assure you that these foreign exchange policies regarding payment of dividends in foreign currencies will continue in the future. In addition, foreign currency transactions under our capital account, including principal payments in respect of foreign currency-denominated obligations, continue to be subject to significant foreign exchange controls and require the approval of the SAFE. These limitations could affect our ability to obtain foreign exchange through debt or equity financing, or to obtain foreign exchange for capital expenditures.

We receive a certain amount of revenue in foreign currency in relation to our international sales. For the year ended 31 December 2011, such foreign currency-denominated revenue accounted for approximately 11.8% of our revenue. We also purchase equipment and spare parts for our equipment from overseas equipment suppliers in foreign currencies, mainly U.S. dollars. As a result, our operations are exposed

to fluctuation, in exchange rates of the RMB against these foreign currencies. The value of the Renminbi may fluctuate due to a number of factors. In 2005, the PRC government changed its policy of pegging the value of the RMB to the U.S. dollar. Under the current policy, the RMB is pegged against a basket of currencies, determined by the People's Bank of China, against which it can rise or fall by as much as 1% each day. There remains significant international pressure on the PRC government to adopt a more flexible currency policy, which could result in a further appreciation of the RMB against the U.S. dollar or other foreign currency. However, we cannot predict if or when any further reforms of China's exchange rate system will occur. Fluctuation of the Renminbi value will affect the amount of our non-Renminbi debt service, if any, in Renminbi terms since we will have to convert Renminbi into non-Renminbi currencies to service our foreign debt, if any. Since our income and profits are denominated in Renminbi, any appreciation of Renminbi will also increase the value of, and any dividends payable on, our H Shares in foreign currency terms. Conversely, any depreciation of Renminbi will decrease the value of, and any dividends payable on, our H Shares in foreign currency terms.

The PRC legal system is still evolving and has inherent uncertainties that could limit the legal protections available to you.

As we are a company incorporated under PRC law and substantially all of our businesses are conducted in China, our operations are principally governed by PRC laws and regulations. The PRC legal system is based on written statutes, and prior court decisions can only be cited as reference. Since 1979, the PRC government has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commerce, taxation and trade, with the aim of developing a comprehensive system of commercial laws. However, because these laws and regulations are still evolving, and because of the limited volume of published cases and their non-binding nature, the interpretation of PRC laws and regulations still involves a degree of uncertainty.

Substantial amendments to the PRC Company Law and the PRC Securities Law came into effect on 1 January 2006. As a result, the State Council and the CSRC may revise the Special Regulations and the Mandatory Provisions and adopt new rules and regulations to implement and reflect the amendments to the PRC Company Law and the PRC Securities Law. We cannot assure you that any revision of the current rules and regulations or the adoption of new rules and regulations by the State Council and the CSRC will not have a material adverse effect on the rights of holders of H Shares.

As a PRC company offering and listing its H Shares outside the PRC, we are subject to the Special Regulations and the Mandatory Provisions. Upon the listing of the H Shares on the Hong Kong Stock Exchange, the Hong Kong Listing Rules will become the principal basis for the protection of the rights of holders of H Shares. The Hong Kong Listing Rules impose particular standards of conduct and disclosure on our Company, our Directors and the Controlling Shareholders of our Company. As far as we are aware, China has not published any case report that involves a request by a holder of H shares of a PRC company to exercise his or her rights under any constitutional document of a PRC joint stock limited liability company, the PRC Company Law or any regulatory provisions of the PRC applicable to PRC joint stock limited liability companies.

It may be difficult to effect service of process upon us or our Directors or executive officers that reside in the PRC or to enforce against them or us in the PRC any judgments obtained from non-PRC courts.

The legal framework to which our Company is subject is materially different from the Companies Ordinance or corporate law in the United States and other jurisdictions with respect to certain areas, including the protection of minority shareholders. In addition, the mechanisms for enforcement of rights under the corporate governance framework to which our Company is subject are also relatively undeveloped and untested. However, according to the PRC Company Law, shareholders may commence a derivative action against the directors, supervisors, officers or any third party on behalf of a company under certain circumstances.

On 14 July 2006, the Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters by the Courts of the Mainland and of the Hong Kong Special Administrative Region Pursuant to Choice of Court Agreements between Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》). Under such an arrangement, where any designated people's court in the PRC or any designated Hong Kong court has made an enforceable final judgment requiring payment of money in a civil and commercial case pursuant to a choice of court agreement in writing by the parties, any party concerned may apply to the relevant people's court in the PRC or Hong Kong court for recognition and enforcement of the judgment. Although this arrangement became effective on 1 August 2008, the outcome and effectiveness of any action brought under the arrangement may still be uncertain.

Our Articles of Association provide that disputes between holders of H Shares and our Company, our Directors, Supervisors or officers or holders of A Shares, arising out of the Articles of Association or any rights or obligations conferred or imposed upon by the PRC Company Law and related regulations concerning its affairs, such as the transfer of our Shares, are to be resolved through arbitration by arbitral committees in China or the Hong Kong International Arbitration Center (香港國際仲裁中心), rather than by a court of law. In addition, on 18 June 1999, the Supreme People's Court of the PRC and the Government of Hong Kong signed the Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and Hong Kong Special Administrative Region (《關於內地與香港特別行政區法院相互執行仲裁裁判的安排》). This arrangement, made in accordance with the spirit of the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, was approved by the Supreme People's Court of the PRC and the Hong Kong Legislative Council and became effective on 1 February 2000. Under the arrangement, awards that are made by the PRC arbitral authorities recognized under the Arbitration Ordinance of Hong Kong can be enforced in Hong Kong, and awards made by Hong Kong arbitral authorities are also enforceable in the PRC. However, so far as we are aware, there has not been any published report of judicial enforcement in the PRC by a holder of H shares to enforce an arbitral award made by the PRC arbitral authorities or Hong Kong arbitral authorities, and there are uncertainties as to the outcome of any action brought in the PRC to enforce an arbitral award made in favor of a holder of H shares. Accordingly, we are unable to predict the outcome of any such action.

In addition, PRC laws, rules and regulations applicable to companies listed overseas do not distinguish among minority and controlling shareholders in terms of their rights and protections and our minority shareholders may not have the same protections afforded to them by companies incorporated under the laws of the United States and certain other jurisdictions.

Substantially all of our Directors, Supervisors and executive officers reside within the PRC. Substantially all of our assets and substantially all of the assets of our Directors, Supervisors and executive officers are located within the PRC. The PRC does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts with the United States, the United Kingdom, Japan and many other countries. Therefore, it may not be possible for investors to effect service of process upon us or those persons in the PRC or to enforce against them or us in the PRC any judgments obtained from non-PRC courts. In addition, recognition and enforcement in the PRC of judgments of a court of any other jurisdiction in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

Foreign individual holders of our H Shares are subject to PRC income tax and there are uncertainties as to the PRC tax obligations of foreign enterprises that are holders of our H Shares. Under current PRC tax laws, regulations and rules, foreign individuals and foreign enterprises that are not PRC residents are subject to different tax obligations with respect to the dividends paid by us or the gains realized upon the sale or other disposition of H Shares.

Foreign individuals who are not PRC residents are required to pay PRC individual income tax at 20% rate under the PRC Individual Income Tax Law (《中華人民共和國個人所得税法》). Accordingly, we are required to withhold such tax from dividend payments, unless applicable tax treaties between China and the jurisdictions in which the foreign individuals reside reduce or provide an exemption for the relevant tax obligations. Generally, a convenient tax rate of 10% shall apply to the dividends paid by our Company listed in Hong Kong to foreign individuals without application according to the treaties. When a tax rate of 10% is not applicable, the withholding company shall: (i) return the excessive tax amount pursuant to due procedures if the applicable tax rate is lower than 10%; (ii) withhold such foreign individual income tax at the applicable tax rate if the applicable tax rate is between 10% and 20%; and (iii) withhold such foreign individual income tax at a rate of 20% if no double taxation treaty is applicable.

For foreign enterprises that do not have offices or establishments in the PRC, or have offices or establishments in the PRC but to which their income is not related, under the 2008 EIT Law and its implementation rules, dividends paid by us and the gains realized by such foreign enterprises upon the sale or other disposition of H Shares are ordinarily subject to PRC enterprise income tax at a rate of 10%, subject to a further reduction under a special arrangement or applicable treaty between the PRC and the jurisdiction of the relevant foreign enterprise's residence. In accordance with the Notice of the State Administration of Taxation on the Issues Concerning Withholding the Enterprise Income Tax on the Dividends Paid by Chinese Resident Enterprises to H-share Holders Which Are Overseas Non-resident Enterprises (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代繳企業所得税有關問題的通知》國税函[2008]897號》) which became effective from 6 November 2008, 10% withholding tax shall be imposed on dividends paid by Chinese resident enterprises to holders of H Shares that are overseas non-resident enterprises. These holders of H Shares may apply for tax refunds in accordance with applicable tax treaties or arrangements, if any. In addition, the PRC tax laws, rules and regulations may also change from time to time. If the tax rates stipulated in the 2008 EIT Law and the related implementation rules are amended, the value of your investment in our H Shares could be materially and adversely affected.

In addition, it is also unclear whether and how the PRC individual income tax and enterprise income tax on gains realized by non-resident holders of H shares through the sale, or transfer by other means, of H shares will be collected by the PRC tax authorities in the future, although such tax has not been collected by the PRC tax authorities in practice. Considering these uncertainties, non-resident holders of our H Shares should be aware that they may be obligated to pay PRC income tax on the dividends and gains realized through sale or transfers of the H Shares. For additional information, please see "Appendix V — Taxation" to this prospectus.

Natural disasters and health and public security hazards in the PRC may severely disrupt our business and operations and may have a material adverse effect on our financial condition and results of operations.

Our business operations may be disrupted due to the occurrence of typhoons, earthquakes, floods, fire, acts of terror, epidemics or other natural disasters or similar events. For example, in May 2008, a major earthquake registering 8.0 on the Richter scale struck Sichuan Province and certain other parts of the PRC, devastating much of the affected areas and causing tens of thousands of deaths and widespread injuries. In addition, in early 2008, parts of the PRC, in particular its southern, central and eastern regions, experienced what was reportedly the most severe winter weather in the country in half a century, which resulted in significant and extensive damage to factories, power lines, homes, automobiles, crops and other properties, blackouts, transportation and communications disruptions and other losses in the affected areas. Moreover, certain countries and regions, including the PRC, have encountered incidents of the H1N1 strain of bird flu, or avian flu, as well as SARS, over the past ten years and, more recently in 2009, the outbreak of influenza A (H1N1). We are unable to predict the effect, if any, that any future natural disasters and health and public security hazards may have on our business. Any future natural disasters and health and public security hazards may, among other things, significantly disrupt our ability to adequately staff our business, distribute our products and may generally disrupt our operations and services. Furthermore, such natural disasters and health and public security hazards may severely restrict the level of economic activity in affected areas, which may in turn materially and adversely affect our business and prospects.

Inflation in the PRC could negatively affect our profitability and growth.

Economic growth in the PRC has, in the past, been accompanied by periods of high inflation, and the PRC government has implemented various policies from time to time to control inflation. For example, the PRC government introduced measures in certain sectors to avoid overheating of the economy, including tighter bank lending policies and increases in bank interest rates. The effects of the stimulus measures implemented by the PRC government since the global economic crisis that unfolded in 2008 may have contributed to the occurrence of, and continuing increase, in inflation in China. If such inflation is allowed to proceed without mitigating measures by the PRC government, our cost of sales would likely increase, and our profitability would be materially reduced, as there is no assurance that we would be able to pass any cost increases onto our customers. If the PRC government implements new measures to control inflation, these measures may also slow economic activity and reduce demand for our products and services and severely hamper our growth.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our H Shares. The liquidity and market price of our H Shares following the Global Offering may be volatile.

Prior to the Global Offering, there has been no public market for our H Shares. The initial Offer Price range issued to the public for our H Shares was the result of negotiations between our Company and the Underwriters, and the Offer Price may differ significantly from the market price for our H Shares following the Global Offering. We have applied to list and deal in our H Shares on the Hong Kong Stock Exchange. We cannot assure you that the Global Offering will result in the development of an active, liquid public trading market for our H Shares. In addition, the price and trading volumes of our H Shares may be volatile. Factors such as variations in our revenue, earnings and cash flows or other developments in our business or industries or the financial markets may affect the volume and price at which our H Shares will trade.

Since there will be a gap of several days between pricing and trading of our Offer Shares, holders of our Offer Shares are subject to the risk that the price of our Offer Shares could fall during the period before trading of our Offer Shares begins.

The Offer Price of our H Shares is expected to be determined on the Price Determination Date. However, our H Shares will not commence trading on the Hong Kong Stock Exchange until they are delivered, which is expected to be five Hong Kong business days after the pricing date. As a result, investors may not be able to sell or otherwise deal in our H Shares during that period. Accordingly, holders of our H Shares are subject to the risk that the price of our H Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, such as a decline in our A Share price, that could occur between the time of sale and the time trading begins.

Because the Offer Price is higher than the net tangible book value per share of our Company, the holders of our H Shares will incur immediate dilution.

The initial public offering price of our H Shares is higher than the net tangible asset value per share of the outstanding shares issued to our existing shareholders. Therefore, purchasers of our H Shares in the Global Offering will experience an immediate dilution in net tangible asset value of HK$6.96 per H Share (assuming an Offer Price of HK$12.74 per H Share, being the mid-point of the indicative Offer Price range in the Global Offering, and assuming the Over-allotment Option is not exercised), and our existing shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per share of their shares. In addition, holders of our H Shares may experience a dilution of their proportional interest in our Company if we raise additional capital in the future.

Future sales or perceived sales of substantial amounts of our securities in the public market could have a material and adverse effect on the prevailing market price of our H Shares and our ability to raise capital in the future and may result in dilution of your shareholding in our Company.

The market price of our H Shares could decline as a result of future sales of substantial amounts of our H Shares or other securities relating to our H Shares in the public market or the issuance of new H Shares or other securities, or the perception that such sales or issuances may occur. Future sales, or perceived sales, of substantial amounts of our securities, including any future offerings, could also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate. In addition, our shareholders may experience dilution in their holdings to the extent we issue additional securities in future offerings.

Certain amounts of our Shares currently outstanding are and/or will be subject to contractual and/or legal restrictions on resale for a period of time after completion of the Global Offering. See the section headed "Underwriting — The Hong Kong Public Offering" from page 374 to page 381 for details. After these restrictions lapse or if they are waived or breached, future sales, or perceived sales, of substantial amounts of our Shares could negatively impact the market price of our H Shares and our ability to raise capital in the future.

Subject to the approval of the securities regulatory authority under the State Council, holders of our domestic A Shares may transfer their domestic A Shares to overseas investors, and such transferred A Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred A Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such stock exchange. No class shareholder voting is required for the listing and trading of the transferred A Shares on an overseas stock exchange. Therefore, subject to receiving the requisite approval and upon the expiration of the applicable contractual and/or legal restrictions on share transfers, holders of our domestic A Shares may transfer their domestic A Shares to overseas investors, which A Shares may then trade on the Hong Kong Stock Exchange as H Shares. This could further increase the supply of our H Shares in the market and could negatively impact the market price of our H Shares.

Our A Shares are listed and traded on the Shanghai Stock Exchange, and the characteristics of the A share and H share markets are different.

Our A Shares have been listed and have traded on the Shanghai Stock Exchange since 7 August 1998. As at Latest Practicable Date, there were a total of 1,904,392,364 A Shares outstanding, representing approximately 85% of our total issued and outstanding shares immediately following the completion of the Global Offering, assuming no exercise of the H Share Over-Allotment Option. Following the Global Offering, our A Shares will continue to be traded on the Shanghai Stock Exchange and our H Shares will be traded on the Hong Kong Stock Exchange.

Under current laws and regulations, our H Shares and A Shares are neither interchangeable nor fungible, and there is no trading or settlement between the H share and A share markets. The H share and A share markets have different characteristics, including different trading volume and liquidity, and investor bases, including different levels of retail and institutional participation. As a result of these differences, the trading prices of our H Shares and A Shares may not be the same.

Fluctuations in the price of our A Shares may adversely affect the price of our H Shares, and vice versa. Due to the different characteristics of the A share and H share markets, the historical prices of our A Shares may not be indicative of the performance of our H Shares. You should therefore not place undue reliance on the prior trading history of our A Shares when evaluating an investment in our H Shares.

We cannot guarantee the accuracy of official government facts, forecasts and other statistics with respect to China, the Chinese economy and China's pharmaceutical and healthcare industries contained in this prospectus.

Official government facts, forecasts and other statistics in this prospectus relating to China, the Chinese economy and China's pharmaceutical and healthcare industries have been derived from official government publications. We believe that the sources of such information are appropriate sources, and we have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Joint Sponsors, the Underwriters or any other party involved in the Global Offering, and no

representation is given as to its accuracy. In all cases, investors should give consideration as to how much weight or importance they should attach to or place on such official government facts, forecasts or statistics.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industries and the Global Offering.

There has been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, press and/or media regarding us, our business, our industries and the Global Offering. You should rely solely upon the information contained in this prospectus in making your investment decisions regarding our H Shares. None of us, the Joint Global Coordinators, the Joint Bookrunners, the Joint Sponsors, the Underwriters or any other person involved in the Global Offering have authorized the disclosure of any such information in the press or media and none of these parties accept any responsibility for the accuracy or completeness of the information contained in such press articles and/or other media or the fairness or appropriateness of any forecasts, views or opinions expressed by the press and/or other media regarding our H Shares, the Global Offering, our business, our industries or us. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.